

Message Text

LIMITED OFFICIAL USE

PAGE 01 KHARTO 00297 111403Z

43

ACTION AF-18

INFO OCT-01 ISO-00 XMB-07 EB-11 TRSE-00 CIAE-00 INR-10

NSAE-00 RSC-01 DRC-01 /049 W
----- 122516

R 111200Z FEB 74

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 7705

INFO USDOC WASHDC

LIMITED OFFICIAL USE KHARTOUM 0297

DEPT PASS EXIM

E.O. 11652: N/A

TAGS: BEXP, SU

SUBJ: GOS-GE SIGN CONTRACT FOR LOCOMOTIVES

REF: (A) STATE 248217, DEC. 73; (B) KHARTOUM 0134

1. SUMMARY: GENERAL ELECTRIC (GE) HAS SIGNED CONTRACT FOR SALE TOTAL 30 LOCOMOTIVES TO SUDAN RAILWAYS (SR). GE/SR NOW PLANS APPROACH EXIM (DESPITE OUR CAUTIONS RE UNLIKELIHOOD FUTHER HELP) TO SEEK FINANCING FOR ADDITIONAL 10 LIGHT LOCOMOTIVES WHICH ABOVE ORIGINAL EXIM COMMITMENT (BUT BELOW ORIGINAL GOS REQUEST). OTHER COMPETITION STILL EAGERLY WAITING AT DOOR, IN EVENT GE/SR CASE FOR ADDITIONAL CREDIT NOT AS CONVINCING TO EXIM AS GE REP BELIEVES IT WILL BE. IF TURN-DOWN APPEARS LIKELY WE WLD APPRECIATE ADVANCE NOTICE BOTH ENABLE US SOFTEN BLOW AS WELL AS WORK WITH GE HERE TO TRY SALVAGE ORIGINAL 20, FOR WHICH FINANCING IS AVAILABLE. END SUMMARY.

2. GOS AND GE SIGNED CONTRACT FEB 8 FOR PURCHASE 20 MAINLINE DIESEL LOCOMOTIVES AND 10 LIGHTER LOCOMOTIVES FOR USE ON LIGHTER WEIGHT TRACK TO EAST AND SOUTH. TOTAL COST OF PACKAGE INCLUDING SPARED IS \$14 MILLION. TERMS CALL FOR DELIVERY STARTING 11 MONTHS FROM EFFECTIVE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KHARTO 00297 111403Z

DATE OF CONTRACT WHICH IS DATE ON WHICH GOS MAKES DOWN

PAYMENT. IF SUCH PAYMENT IN FACT MADE WITHIN PERIOD SPECIFIED IN CONTRACT, DELIVERY TIME WILL ACTUALLY BE CALCULATED FROM DATE CONTRACT SIGNED.

3. KEY OUTSTANDING QUESTION IS SOURCE OF FINANCING FOR ADDITIONAL 10 LIGHTER LOCOMOTIVES--I.E. APPROXIMATELY \$4 MILLION. AS STATED REF B, EMBASSY HAS FROM BEGINNING CAUTIONED BOTH GOS AND GE REP NEVIN RE LIMITATIONS ON WHAT EXIM ABLE DO. WE BELIEVE THIS POINT UNDERSTOOD. NEVERTHELESS NEVIN HAS PREPARED DETAILED STUDY (NOT SEEN BY EMBASSY) OF SR'S OPERATIONS, NEEDS AND FINANCIAL STANDING WHICH WILL BE USED AS BASIS OF APPROACH TO EXIM FOR ADDITIONAL SUPPORT. NEVIN FEELS CASE IS EXCELLENT ONE AND IS HOPEFUL THAT, ONCE EXAMINED BY EXIM, IT WILL RESULT IN FAVORABLE DECISION.

4. WHAT WILL HAPPEN IF EXIM UNABLE EXTEND CONVERAGE TO INCLUDE ADDITIONAL LOCOMOTIVES REMAINS BE SEEN. THERE IS NO DOUBT THAT GE COMPETITORS STILL MORE THAN EAGER TO PICK UP SLACK (AND WE TEND ACCEPT NEVIN'S CLAIM THAT GOS INSISTED ON 30-OR-NOTHING PACKAGE WITH RESULTING LIKELIHOOD THAT SALE OF 20 WOULD NOT SURVIVE FAILURE FIND FINANCING FOR 10). IN FACT, EARLIER FEB 8 GOS ALSO SINGED CONTRACT WITH HENSCHEL (FRG) ALSO FOR 20 MAINLINE LOCOMOTIVES TO BE FINANCED FROM FRG AID FUNDS. RIGHT TO LAST MINUTE THERE APPEARED CHANCE HENSCHEL MIGHT GET ENTIRE FORTH MAINLINERS. (THIS WOULD NOT HAVE BEEN TOTAL LOSS TO US BALANCE PAYMENT SINCE HENSCHEL LOCOMOTIVES TO BE PROWERED BY GENERAL MOTORS ENGINES--I.E. CLOSE TO 20 PERCENT OF THAT CONTRACT IS US ORIGIN--BUT 100 PERCENT INVOLVED IN GE SALES CLEARLY BETTER.) ON OTHER HAND, ALTERNATIVE SOURCES OF FINANCING MAY BE MORE READILY AVAILABLE IN WAKE RECENTLY ANNOUNCED HELP FROM SAUDI ARABIA (KHARTOUM 206). EVEN THOUGH SAUDI AID ACCORDING OUR UNDERSTANDING PROHIBITED FROM USE ON INFRASTRUCTURE PROJECTS SUCH AS RAILROAD, SUDANESE CLEARLY HOPEFUL THAT SAG VOTE OF CONFIDENCE WILL BE FOLLOWED BY FURTHER SUPPORT FROM OTHER SOURCES.

5. COMMENT: EMBASSY APPRECIATES SUPPORT WHICH EXIM HAS GIVEN THIS PROJECT TO DATE. WHILE THIS BREAKTHROUGH LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KHARTO 00297 111403Z

INTO WHAT WE BELIEVE BE LUCRATIVE LONG-RANGE MARKET IS NATURALLY WELCOME, WE REALIZE CLEAR CONSTRAINTS ON EXIM, GE/SR AWARE THEY MUST MAKE THEIR OWN CASE. WE WOULD NATURALLY HOE THAT JUSTIFICATION AND FEASIBILITY TO BE PRESENTED WILL BE AS GOOD AS NEVIN CLAIMS. IF, DESPITE BEST EXAMINATION OF APPLICATION, DECISION LIKELY BE NEGATIVE, WE HOPE BOTH EMBASSY AND GE CAN BE GIVEN AS MUCH NOTICE AS POSSIBLE. NOT ONLY WILL THIS ENABLE

US SOFTEN BLOW, BUT WILL ALSO PERMIT EFFORTS (BY BOTH
EMBASSY AND GE) TRY HOLD ORIGINAL 20 AND AVOID LOSS OF
TOTAL PACKAGE TO NON-AMERICAN COMPETITION.
BREWER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KHARTO00297
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740242/aaaabnml.tel
Line Count: 119
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: (A) STATE 248217, DEC. 73; (B) KHART, OUM 0134
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by elyme>; APPROVED <04-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOS-GE SIGN CONTRACT FOR LOCOMOTIVES
TAGS: BEXP, SU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005